

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7034**

**BILL NUMBER:** HB 1294

**NOTE PREPARED:** Jan 30, 2012

**BILL AMENDED:**

**SUBJECT:** Various Securities Division Matters.

**FIRST AUTHOR:** Rep. Heaton

**FIRST SPONSOR:** Sen. J. Smith

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides that in addition to micrographically copying certain documents that the Secretary of State is charged with preserving, the Secretary of State may copy those documents by an equivalent method. It amends the definition of "residential mortgage loan" for purposes of the statute concerning the regulation of loan brokers and adds the definition of "residential real estate" to that statute.

The bill allows the Securities Commissioner (Commissioner) to take certain actions and impose certain penalties with respect to an individual who is registered as, or who applies to register as, an agent for a securities broker-dealer or as an investment adviser representative if the individual has failed to comply with a child support order.

It repeals a provision that allows the Commissioner to award up to 10% of a penalty imposed and recovered under the Indiana Uniform Securities Act (act) to a person who provides information leading to the imposition of the penalty. It also provides that the Commissioner may provide an award, in an amount determined by the Commissioner and paid from the Securities Restitution Fund, to an informant who provides to the Securities Division of the Office of the Secretary of State original information concerning a violation of the act, if the information provided leads to the successful enforcement of a judicial or an administrative action concerning the violation. The bill provides that the total amount of awards in any proceeding may not exceed 10% of the total monetary sanctions imposed or ordered. It sets forth certain factors that the Commissioner must consider in determining the amount of an award. It also prohibits the Commissioner from providing an award to an informant in certain circumstances.

The bill amends the statute concerning the licensing of collection agencies by the Secretary of State to: (1) allow the Secretary of State to designate a multistate automated licensing system and repository to serve as the

sole entity responsible for processing applications for licenses and license renewals; and (2) provide that a license expires on the last day of the calendar year in which the license was issued (instead of expiring on the last day of the calendar year after the year in which the license was issued, as provided for in current law). It makes technical changes. It also makes an appropriation.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** *Secretary of State:* This bill sets forth certain factors that the Securities Commissioner of the Secretary of State (SOS) must consider in determining an award paid from the Securities Restitution Fund to a person who provides information leading to the imposition of a penalty. Current statute allows the Commissioner to make a determination at the Commissioner's discretion up to 10% of the amount of penalty imposed. The SOS reports that no awards have been granted as of date.

The bill also allows the SOS to designate a multistate automated licensing system and repository to serve as the sole entity responsible for processing applications for licenses and license renewals for collection agencies. To the extent that this provision makes processing of applications easier, administrative expenditures could decrease.

**Explanation of State Revenues:** *Collection Agency License Fees:* This bill could increase revenue received from collection agency license fees. The bill provides that a collection agency license expires on the last day of the calendar year in which the license was issued. Current statute requires that the license expires on the last day of the calendar year after the year in which the license was issued. The SOS reports that the change in the license expiration date is required to enable the SOS to process applications through a multistate automated licensing system. A \$100 fee is collected for a collection agency license. In FY 2011, collection agency license fees totaled \$49,650. Fees are deposited in the state General Fund.

**Background Information -** PL 114-2010 established the Securities Restitution Fund. The fund consists of funds received for deposit in the Securities Division and Enforcement Account as provided in IC 23-19-6-1(f) and any appropriations from the General Assembly.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** SOS.

**Local Agencies Affected:**

**Information Sources:** Chris Naylor, Securities Commissioner, 317-232-6681.

**Fiscal Analyst:** Diana Agidi, 317-232-9867.